

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 PA-01 AID-05 SS-15 STR-04 ITC-01
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DRAFTED BY EB/IFD/ODF:AADAMS:DA
APPROVED BY EB/IFD:JABWINDER, ACTING
AID/PPC:KJAY
-----108491 192219Z /63
O 192157Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY KUALA LUMPUR IMMEDIATE
AMEMBASSY JAKARTA PRIORITY
AMEMBASSY MANILA PRIORITY

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FOR AMBASSADOR WELLS

E.O. 11652: N/A

TAGS: EFIN, ETRD, GATT

SUBJECT: PRE-UNGA CONSULTATIONS--CIEC SPECIAL ACTION
PROGRAM

REF: ISLAMABAD 8424

1. IN RESPONSE TO YOUR QUERY CONCERNING OUR PARTICIPATION
IN THE ONE BILLION DOLLAR SPECIAL ACTION PROGRAM AGREED
AT CIEC, THE FOLLOWING BACKGROUND INFORMATION MAY BE USEFUL
IN YOUR CONSULTATIONS. -

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2. THE U.S. CONTRIBUTION TO THE SPECIAL ACTION PROGRAM
IS \$375 MILLION. OUR CONTRIBUTION WILL BE IN THE FORM OF
AN INCREASE, OVER THE FY77 BASE LEVEL, IN A.I.D.'S NORMAL
BILATERAL DEVELOPMENT ASSISTANCE PROGRAM TO THE LOW INCOME
COUNTRIES OVER THE NEXT TWO YEARS, FY 78 AND FY 79. BY LOW
INCOME COUNTRIES WE MEAN COUNTRIES WHOSE PER CAPITA INCOME
IN 1975 WAS LESS THAN \$520. THE ACTUAL CONTRIBUTIONS WILL

BE MEASURED IN TERMS OF THE INCREASES IN COMMITMENT LEVELS
IN FY 78 AND FY 79 OVER THE FY 77 LEVEL. THE BULK OF
DISBURSEMENTS RELATED TO THIS CONTRIBUTION WILL TAKE PLACE
OVER THE COURSE OF TWO TO FOUR YEARS AND WILL, WE BELIEVE,
BE CONSISTENT WITH THE DISBURSEMENT RATE OF THE CONTRIBUTION

OF OTHER DONORS. THE U.S. CONTRIBUTION WILL BE MADE UP OF
A COMBINATION OF LOANS AND GRANTS (STANDARD A.I.D. LOAN
TERMS OF 40 YEARS MATURITY, 10 YEARS GRACE, 2 PERCENT
INTEREST DURING GRACE, 3 PERCENT DURING REPAYMENT YIELD A
GRANT ELEMENT OF 68 PERCENT). ALTHOUGH WE DO NOT KNOW
THE EXACT MIX OF LOANS AND GRANTS AND THUS DO NOT KNOW
WHAT THE OVERALL CONCESSIONALITY WILL BE, THERE WILL
BE A HEAVY PROPORTION OF THE TOTAL IN THE FORM OF
GRANTS, IN PART REFLECTING A.I.D.'S GRANT POLICY TOWARD
THE LEAST DEVELOPED COUNTRIES. THUS, THE U.S. CONTRI-
BUTION WILL BE HIGHLY CONCESSIONAL.

3. THE CIEC ANNEX OFFICIALLY DESCRIBED THE U.S. PARTICI-
PATION IN THE SPECIAL ACTION PROGRAM AS FOLLOWS:

BEGIN TEXT

THE U.S. WILL CONTRIBUTE TO THE SPECIAL ACTION PROGRAMME
THROUGH ADDITIONAL FUNDING IN ITS REGULAR BILATERAL
DEVELOPMENT ASSISTANCE PROGRAMMES. THE ADMINISTRATION
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WILL SEEK CONGRESSIONAL APPROVAL FOR INCREASED AID WHICH
BY FY 79 WOULD RESULT IN AN EXTRA \$375 MILLION OF
ASSISTANCE TO LOW INCOME COUNTRIES OVER PRESENT LEVELS.
THE COUNTRIES FOR WHICH THIS ADDITIONAL EFFORT WILL BE
UNDERTAKEN IS THE GROUP ELIGIBLE FOR LENDING BY THE IDA.

END TEXT VANCE

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